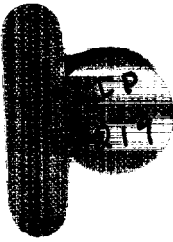


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5 July 1951

MEMORANDUM: 1P-219

SUBJECT: Comments on "Current Situation Report" on Berlin

25X1A

The informal comments of ORR components on subject report are given below. [REDACTED] (281650Z)

D/A comments as follows:

1. Paragraph 1. The conclusion stated in this paragraph needs some qualification:

- a. Present restrictions on East-West trade from Berlin are far from adequate to prevent acquisition of strategic commodities by the Soviets.
- b. It would be practically impossible (except during a blockade) to eliminate entirely all transshipments.
- c. East Berlin would still have economic value to the Soviets.

To the extent that effective measures are imposed on East-West trade in Berlin and transshipments are curtailed, the economic usefulness of Berlin to the Soviets would be impaired. Application of the counter-blockade during the period of the airlift was the principal reason for the lifting of the blockade by the Soviets.

2. Paragraph 7. The reference here should be West Berlin rather than Berlin. Even so, the implication is that West Berlin is economically independent of East Berlin. This implication should be avoided.

D/S, S/TR comments as follows:

1. Paragraph 3A. The completion of this bypass will, in the event of another blockade, make Western retaliatory measures both difficult and largely ineffective.

2. Paragraph 3B. The poor condition of the Berlin-Helmstedt autobahn cannot be confirmed. It is well-established that particular emphasis has been given restoration and maintenance of the autobahnen in ORR plans and in the allocation of available road-construction resources.

3. Paragraph 3C. Plans to construct a canal to bypass West Berlin to the north have been reported for some time. S/TR has information concerning this on file. One estimate is that a year would be required to carry out plan.

4. Paragraph 4. S/TR concurs with this estimate.

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Para. 7.

Reference to "electrical industry", probably means the manufacture of electrical equipment and electrical goods of all types. Berlin is known to be a heavy producer - very likely the largest in the whole of Germany if not the whole of Europe.

Supply of electric power in West Berlin can be maintained except if plants seized by Soviets.

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D/I comments as follows:

1. Paragraph 5. D/M believes these figures to be reasonable.

D/I comments as follows:

1. Paragraph 7. It is agreed that paragraph refers to the electrical manufacturing industry, which is the principal industry of Berlin. If the electrical manufacturing industry of Berlin were cut off from West Germany, the effects upon the Berlin economy would be drastic and immediate—in view of the loss of both material sources and customers. In postwar years the electrical industry was heavily decentralized to West Germany, to the effect that the manufacturing capacity in West Zones now greatly exceeds Berlin. For the "big five" companies in this industry, 1950 Berlin employment totalled 30,000 to 40,000, West Germany about 115,000. Company administration is largely duplicated outside of Berlin, in Hamburg, Munich, Stuttgart; main research centers exist in West Zones. Although temporary dislocation in West German industry operations could be expected as a result of specific shortage items, it is not believed that the industrial progress of West Germany would be seriously hampered for long if the electrical manufacturing industry of Berlin were cut off from West Germany.

1P-219

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From D/2
ROUGH COPY

Request for Comments for G-2 on Current Situation
Approved For Release 2000/05/12 : CIA-RDP79T01049A000300110001-5
Routine Dissem [REDACTED] 281650z

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Subject : Current Situation Report.

The following is a composite of the views of several well informed and reliable source in Berlin.

1. If the present restrictions imposed by the West on East-
~~WESTERN~~ West trade continue, and if Berlin is eliminated as a transshipment point for illegal trade between the East and the West, the economic usefulness of Berlin to the Soviet Orbit will come to an end.

2. An outright blockade of Berlin is precluded for the time being by the current political line of the Russians and communists, emphasizing the Plebiscite, the forthcoming Youth Rally, and the 'National Front' type of policy. However, this obstacle may be eliminated by January of 1952.

3. The following steps taken by the Russians could be interpreted as preparations for the resumption of the blockade:

A. The Southern Railroad by-pass is expected to be in operation by 1 August 1951, permitting all traffic which now passes through West Berlin to be routed around Berlin.

B. The Berlin-Helmstedt Autobahn has been allowed to fall into a bad state of repair. Approximately one third of its length is now one lane only, and no repair-work is going on. The bridge over the Elbe is, as always, in poor condition.

C. Plans have been made to dig a canal which would enable inland water transport to bypass West Berlin. At present the most effective allied counter-measure against a blockage is the threat of interference with East German barge traffic in the British sector. The decision to dig the canal has not yet been made, but it could be carried out at any time.

4. If a Blockade were instituted, the minimum estimate of air-lift requirements is 12,000 tons daily (SIC: apparently a total for traffic in both directions). The highest average achieved during the blockade of 1948-49 was about 5,500 tons incoming and about 2,500 tons outgoing, which maintained a lower-than-average standard of living. The minimum requirements are probably impossible of achievement because of the lack of adequate airfield facilities and the lack of planes.

5. During the first five months of 1951, shipments to Berlin from West Germany by rail, highway, and water amounted to 2,157,078 tons. Of this, 1,172,953 tons were coal, and 415,578 tons food. As of 16 June, the stockpile of coal was sufficient for 157 days' consumption at the present rate. Food on hand was enough for 149 days' supply, on the average; however, this included 123 days' supply of cereals and 70 days' supply of potatoes - the two food staples.

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6. There is a growing estrangement between the federal republic

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lic and Berlin, which is manifest both in Government circles and in the general population. The Bonn Government is paying a monthly subsidy of fifty million marks because of allied pressure, and would be glad to get rid of this economic and political liability.

PR
7. Berlin has been integrated economically into West Germany. If its electrical industry (the principal industry of Berlin) is cut off from West Germany, the industrial progress of West Germany will be seriously hampered.

9
8. The morale situation in West Berlin has deteriorated seriously during the last few months. The Berliners are becoming impatient and ill-tempered, and are inclined to think that they have been abandoned. The impossibility of any improvement in the political and economic situation under present conditions seems to demoralize the population. Mayor Ernst Reuter is accused by his critics of aggravating the situation by tactics which keep the population in a state of constant turmoil (for example, by the crisis which he created over the return of a collection of pictures to West Germany, and by his speeches on contentious issues such as land right land status for Berlin).

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[REDACTED]

C1 - Project coordinator

for C9A -

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Office Memorandum • UNITED STATES GOVERNMENT

TO : D/R/RR
FROM : D/A/RR

DATE: 3 July 1951

SUBJECT: Comments on "Current Situation Report" on Berlin

D/A
1. ~~P~~ Paragraph 1. The conclusion stated in this paragraph needs some qualification:

a. ~~(a)~~ Present restrictions on East-West trade from Berlin are far from adequate to prevent acquisition of strategic commodities by the Soviets.

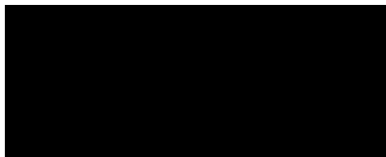
b. ~~(b)~~ It would be practically impossible (except during a blockade) to eliminate entirely all transshipments.

c. ~~(c)~~ East Berlin would still have economic value to the Soviets.

To the extent that effective measures are imposed on East-West trade in Berlin and transshipments are curtailed, the economic usefulness of Berlin to the Soviets would be impaired. Application of the counter-blockade during the period of the airlift was the principal reason for the lifting of the blockade by the Soviets.

2. ~~P~~ Paragraph 7. The reference here should be West Berlin rather than Berlin. Even so, the implication is that West Berlin is economically independent of East Berlin. This implication should be avoided.

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Comments by S/TR on Current Situation Report

1. Paragraph 3A, The completion of this ^{bypass} will, in the event of another blockade, make Western retaliatory measures both difficult and largely ineffective.
2. Paragraph 3B, The poor condition of the Berlin-Helmstedt autobahn cannot be confirmed. It is well-established that particular emphasis has been given restoration and maintenance of the autobahnen in GDR plans and in the allocation of available road-construction resources.
3. Paragraph 3C, Plans to construct a canal to bypass West Berlin to the North have been reported for some time: S/TR has information ^{re construction} ~~in file~~ this ~~is~~ ^{is} ~~file~~. One estimate is that a year would be required to carry out plan.
4. Paragraph 4, S/TR concurs with this estimate.

GRV.

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~~3 July 1951~~

Paragraph 7. It is agreed that paragraph refers to the electrical manufacturing industry, which is the principal industry of Berlin. If the electrical manufacturing industry of Berlin were cut off from West Germany, the effects upon the Berlin economy would be drastic and immediate ⁱⁿ in view of the loss of both material sources and customers. In post-war years the electrical industry was heavily decentralized to West Germany, to the effect that the manufacturing capacity in West Zones now greatly exceeds Berlin. For the "big five" companies in this industry, Berlin 1950 employment totalled 30,000 to 40,000, West Germany about 115,000. Company administration is largely duplicated outside of Berlin, in Hamburg, Munich, Stuttgart; main research centers exist in West Zones. Although temporary dislocation in West German industry operations could be expected as a result of specific shortage items, it is not believed that the industrial progress of West Germany would be seriously hampered for long if the electrical manufacturing industry of Berlin were cut off from West Germany.

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ROUTINE DISSEM [REDACTED] 281650Z

TO: STATE, ARMY, NAVY, AIR, JCS, SECDEF, ORR, ONE, OCI, DCI.

OO: PASS ONE, ORR.

ROUTINE 28 JUNE 1951

DIR:

SECRET

CIA PRELIM SO DISSEM OF 27 JUNE 1951

FROM: GERMANY, BERLIN

EVALUATION: B-3

SUBJECT: CURRENT SITUATION REPORT.

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25X1C

THE FOLLOWING IS A COMPOSITE OF THE VIEWS OF SEVERAL [REDACTED] SOURCES IN BERLIN.

1. IF THE PRESENT RESTRICTIONS IMPOSED BY THE WEST ON EAST-WEST TRADE CONTINUE, AND IF BERLIN IS ELIMINATED AS A TRANSSHIPMENT POINT FOR ILLEGAL TRADE BETWEEN THE EAST AND THE WEST, THE ECONOMIC USEFULNESS OF BERLIN TO THE SOVIET ORBIT WILL COME TO AN END.

2. AN OUTRIGHT BLOCKADE OF BERLIN IS PRECLUDED FOR THE TIME BEING BY THE CURRENT POLITICAL LINE OF THE RUSSIANS AND COMMUNISTS, EMPHASIZING THE PLEBISCITE, THE FORTHCOMING YOUTH RALLY, AND THE "NATIONAL FRONT" TYPE OF POLICY. HOWEVER, THIS OBSTACLE MAY BE ELIMINATED BY JANUARY OF 1952.

THE FOLLOWING STEPS TAKEN BY THE RUSSIANS COULD BE INTERPRETED AS PREPARATIONS FOR THE RESUMPTION OF THE BLOCKADE:

A. THE SOUTHERN RAILROAD BY-PASS IS EXPECTED TO BE IN OPERATION BY 1 AUGUST 1951, PERMITTING ALL TRAFFIC WHICH NOW PASSES THROUGH WEST BERLIN TO BE ROUTED AROUND BERLIN.

B. THE BERLIN-HELMSTEDT AUTOPAHN HAS BEEN ALLOWED TO FALL INTO A BAD STATE OF REPAIR. APPROXIMATELY ONE THIRD OF ITS LENGTH IS NOW ONE LANE ONLY, AND NO REPAIR WORK IS GOING ON. THE BRIDGE OVER THE ELBE IS, AS USUAL, IN POOR CONDITION.

PLANS HAVE BEEN MADE TO DIG A CANAL WHICH WOULD ENABLE

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IT, EAST GERMAN DANCE TRAFFIC IN THE BRITISH SECTOR.

TO DIG THE CANAL HAS NOT YET BEEN MADE, BUT IT COULD BE
AT ANY TIME.

IF A BLOCKADE WERE INSTITUTED, THE MINIMUM ESTIMATE OF AIR-
CRAFT REQUIREMENTS IS 12,200 TONS DAILY (SIC; APPARENTLY A TOTAL
TOWNSHIP IN BOTH DIRECTIONS). THE HIGHEST AVERAGE ACHIEVED
DURING THE BLOCKADE OF 1948-49 WAS ABOUT 5,500 TONS INCOMING
AND ABOUT 2,500 TONS OUTGOING, WHICH MAINTAINED A LOWER-THAN-
NECESSARY SUPPLY OF LIVING. THE MINIMUM REQUIREMENTS ARE PROBABLY
IMPOSSIBLE OF ACHIEVEMENT BECAUSE OF THE LACK OF ADEQUATE AIRFIELD
CAPACITIES AND THE LACK OF PLANES.

There is
an EO report
this in C9.

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1. DURING THE FIRST FIVE MONTHS OF 1951, SHIPMENTS TO BERLIN
FROM WEST GERMANY BY RAIL, HIGHWAY, AND WATER AMOUNTED TO 2,127,075
TONS. OF THIS, 1,172,953 TONS WERE COAL, AND 415,572 TONS FOOD.
AS OF 10 JUNE, THE STOCKPILE OF COAL WAS SUFFICIENT FOR 137 DAYS'
CONSUMPTION AT THE PRESENT RATE. FOOD ON HAND WAS ENOUGH FOR 123
DAYS' SUPPLY, ON THE AVERAGE; HOWEVER, THIS INCLUDED 123 DAYS'
SUPPLY OF CEREALS AND 70 DAYS' SUPPLY OF POTATOES -- THE TWO FOODS
WHICH ARE THE MAIN STAY OF THE GERMAN DIET.

2. THERE IS A GROWING ESTRANGEMENT BETWEEN THE FEDERAL
REPUBLIC AND BERLIN, WHICH IS MANIFEST BOTH IN GOVERNMENT CIRCLES
AND IN THE GENERAL POPULATION. THE BONN GOVERNMENT IS PAYING
A MONTHLY SUBSIDY OF FIFTY MILLION MARKS BECAUSE OF ALLIED PRESSURE,
AND DOES NOT SEEM TO GET RID OF THIS ECONOMIC AND POLITICAL LIAB-

3. BERLIN HAS BEEN INTEGRATED ECONOMICALLY INTO WEST GERMANY.
IF ITS ELECTRICAL INDUSTRY (PRINCIPAL INDUSTRY OF BERLIN)
WAS CUT OFF FROM WEST GERMANY, THE INDUSTRIAL PROGRESS OF WEST GERMANY
WOULD BE SERIOUSLY HAMPED.

4. THE SOCIAL SITUATION IN WEST BERLIN HAS DETERIORATED SERIOUSLY
DURING THE LAST FEW MONTHS. THE BERLINERS ARE BECOMING IMPATIENT
AND ILL-TEMPERED, AND ARE INCLINED TO THINK THAT THEY HAVE BEEN
FORGOTTEN. THE IMPOSSIBILITY OF ANY IMPROVEMENT IN THE POLITICAL
AND ECONOMIC SITUATION UNDER PRESENT CONDITIONS SEEMS TO DEMORALIZE
THE POPULATION. MAYOR ERNST REUTER IS ACCUSED BY HIS CRITICS OF
WORSENING THE SITUATION BY TACTICS WHICH KEEP THE POPULACE IN
A CONSTANT TURMOIL (FOR EXAMPLE, BY THE DRISIS WHICH HE
CAUSED OVER THE RETURN OF A COLLECTION OF PICTURES TO WEST
GERMANY, AND BY HIS SPEECHES ON CONTENTIOUS ISSUES SUCH AS LAND
STATUS FOR BERLIN).

5. PAYMENT: NONE.

6. MESSAGE FOLLOWS. ((END OF MESSAGE)).

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